LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6639 | **DATE PREPARED:** Dec 8, 1998
BILL NUMBER: SB 161 | **BILL AMENDED:**

SUBJECT: Lottery distributions to police and fire pensions.

FISCAL ANALYST: James Sperlik, Kristin Breen
PHONE NUMBER: 232-9866, 232-9567

FUNDS AFFECTED: **GENERAL** | **IMPACT:** State & Local
X **DEDICATED**
FEDERAL

Summary of Legislation: This bill increases from $10,000,000 to $20,000,000 the amount of lottery revenue that is annually distributed to the Pension Relief Fund for police and fire pension funds.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill increases from $10,000,0000 to $20,000,000 the amount of Lottery revenue that is annually distributed to the Pension Relief Fund for police and fire pensions. Each year, Lottery revenue is first transferred to the Pension Relief Fund and the Teachers' Retirement Fund. Remaining Lottery revenue is then deposited in the Lottery and Gaming Surplus Account (LGSA) within the Build Indiana Fund (BIF). A statutorily-determined amount of revenue in the LGSA is transferred each year to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. A portion of money remaining in the LGSA is then transferred to the State and Local Capital Projects Account (SLCPA) within the BIF. Based on projected gaming revenue, it is estimated that there will be sufficient revenue in the LGSA for distributions to MVETRA and the SLCPA after the additional $10,000,000 distribution to the Pension Relief Fund.

It is assumed that the annual appropriation is to the “m” portion of the Pension Relief Fund. This provides relief to those units most in need. It addresses the “distressed” communities. The distribution is based on calculation of the communities’ total net police and fire pension payment, with a qualification level of those communities with annual payments equal to or greater that 10% of the maximum property tax levy. The relief is focused on unfunded liabilities, allowing units to freeze those payments to their current percentage of the maximum levy.

Year	Additional "m" Distributions
2011	$76,130,000
2012	$88,936,000
2013	$52,947,000

The additional annual appropriation will extend the life of the "m" portion of the Pension Relief Fund by about 2.5 years, from 2011 to mid 2013. After the year 2011, the additional $10,000,000 will come into the fund and be paid out immediately, with no earnings accruing to the fund. The original $10 million in annual lottery revenue has been calculated as part of the base.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures.

State Agencies Affected: Public Employees Retirement Fund as administrators of the Pension Relief Fund; Lottery Commission.

Local Agencies Affected: Those units who qualify for additional relief under the "m" portion of the Pension Relief Fund. About 105 municipalities receive distributions from the "m" portion of the Pension Relief Fund.

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF and the Pension Relief Fund, 576-1508.